



Metropolitan North Georgia Water Planning District
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\$1.8 Billion in ARPA Local Fiscal Recovery Funds Headed for District Local Governments: Funding Opportunities for Water-Related Infrastructure Projects

Background and Funding. On March 11, 2021, the federal American Rescue Plan Act of 2021 (“[ARPA](#)”) was signed into law. It includes local fiscal recovery fund grants that can be used for a wide variety of purposes. Local governments in the Metropolitan North Georgia Water Planning District (“[District](#)”) will receive an more than \$1.8 billion, and here is where you can find allocations for [counties](#), [metropolitan cities of at least 50,000 people](#), and the [remaining cites](#).

On May 10, 2021, the [US Treasury Department issued guidance](#) and a [frequently asked questions](#) document on ARPA funding, and the District is providing this summary focusing specifically on using this funding for water-related infrastructure projects. [ACCG \(though NACo\)](#) and [GMA](#) are providing general information to local governments on the full, wide range of eligible uses by local governments. Additional guidance is expected from the US Treasury Department.

Local fiscal recovery funds will be paid to local governments in two payments with the first 50% available now and the second 50% 12-months later. A recipient must return any funds not obligated by December 31, 2024, and any funds not expended to cover such obligations by December 31, 2026.

Why Should Your Local Government Use these Funds on Water-Related Infrastructure? It will be up to each local government how ARPA local fiscal recovery funding is allocated among eligible uses, and allocation is a policy and budgetary question that local staff and elected leadership will work through together. The unique feature of the ARPA local fiscal recovery funds is that they are the only source of relief funds that can be used for water-related infrastructure projects. While there are many causes worthy of funding, it may be better to fund those other worthy causes through other programs under the various relief programs under ARPA or other COVID relief bills. In other words, local fiscal recovery funds present a unique opportunity to fund water-related infrastructure projects with grant funding.

Investments in Necessary Water-Related Infrastructure. Local governments can use local fiscal recovery funds on any project that would be eligible to receive financial assistance through the EPA’s Clean Water State Revolving Fund or Drinking Water State Revolving Fund. These infrastructure projects do not need to be COVID related. Eligible projects include:

- *Eligible drinking water projects* include treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development.
- *Eligible clean water projects* include construction of publicly owned treatment works, nonpoint source pollution management, decentralized wastewater treatment systems, stormwater systems, water conservation, efficiency, and reuse measures, watershed

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pilot projects, energy efficiency measures for publicly owned treatment works, water reuse projects, security measures at publicly owned treatment works, and technical assistance to ensure compliance with the Clean Water Act.

- *Other eligible water projects* include cybersecurity projects, flood control projects, pollution source reduction projects, projects to mitigate and respond to natural disasters, and climate change mitigation projects.

Federal Requirements for Water-Related Infrastructure. The ARPA law and the US Treasury Guidance do not incorporate federal requirements such as NEPA, prevailing wages, domestic content, and specialized procurement processes that would generally apply to federally funded projects. Projects, of course, must comply with all generally applicable federal and state laws such as requirements for withdrawal permits, discharge permits, and 404 permits.

Prohibited Use – Replacement of Lost Utility Revenue. While the ARPA law used broad language regarding the use of funds to replace lost government revenue, the new US Treasury Guidance narrows this use by clearly stating that ARPA funds cannot be used to replace lost utility revenue.

What about Water and Sewer Authorities? The local fiscal recovery funds will be provided directly to counties and cities in the District. However, the law provides that the funding can be transferred to special purpose units of State or local governments, which includes water and sewer authorities. Authorities could approach local governments in their service areas about intergovernmental agreements on issues of mutual interest where the local government would fund a utility initiative.

What about Utilities that Serve Multiple Local Governments? Much like authorities, a county system could approach cities in its service area about an intergovernmental agreement on issues of mutual interest where the local government would fund a utility initiative. Cities that serve unincorporated areas could do the same.

Unique Funding Opportunity. While legal counsel for some utilities express concern over the law against gratuities in Georgia for customer assistance programs, lead service line replacements, or septic to sewer conversions, using federal funding may alleviate this potential concern. Also, local fiscal recovery funds can be used for eligible projects on private property.

Should Local Fiscal Recovery Funds be Used on Customer Assistance Programs? The federal government has established a low-income household water assistance program (“LIHWAP”) that will be administered by the State of Georgia. Instead of using local fiscal recovery funds on customer assistance programs, local governments may first want to use this new, dedicated program for customer assistance. The District will be providing updates to local governments on how to enroll and assist their customers through LIHWAP.

Want Help Developing Water-Related Project Ideas for Local Fiscal Recovery Funds? *First, make sure you are coordinating with your utility’s finance staff and legal counsel on all planned or proposed use of funds to ensure compliance with law and the US Treasury Guidance.* Second, District staff member, Andrew Morris, would be happy to brainstorm ideas and share information with you any time. Contact him at 470-747-4005 or amorris@northgeorgiawater.com.